

## ALLOCATIONS OF FERROUS SCRAP FOR EXPORT

*Exchange of notes at Washington September 30, 1948, with text of memorandum*

*Entered into force September 30, 1948*

*Modified by agreement of July 1, 1949<sup>1</sup>*

*Terminated upon fulfillment of its terms*

62 Stat. 3598; Treaties and Other  
International Acts Series 1874

*The British Ambassador to the Acting Secretary of State*

BRITISH EMBASSY,  
WASHINGTON, D.C.  
*September 30th, 1948*

No. 518  
Ref. 1652/152/48

SIR,

I have the honour to refer to the discussions which have taken place between representatives of His Majesty's Government in the United Kingdom and the Government of the United States of America on the subject of ferrous scrap exports, and to inform you that the matters agreed upon in the course of these discussions have received the approval of my Government. These matters are set forth in the following Memorandum:

### MEMORANDUM ON FERROUS SCRAP

#### I. Proposal to OEEC Countries on Allocation Machinery

A proposal will be put before the members of the Organization of European Economic Cooperation that an ad hoc Committee be established in Paris consisting of representatives of OEEC members and the United States as a full member. It is proposed that this Committee, although outside the jurisdiction of the OEEC Council, should work in close cooperation with it and its committees. The functions of the Committee shall be to make recommendations to the Governments of the countries participating in the OEEC, including the Bizonal Area of Germany and the French Zone, on the distribution of scrap exports from those countries. Final decisions with respect

<sup>1</sup> TIAS 1956, *post*, p. 941.

to exports will be made, however, by the Governments of the exporting countries. In the Bizonal Area decisions will be made by the U.S. and U.K. Military Governors, subject to the provisions of Article III of this Agreement.

## II. Instructions to Military Governors

Identical instructions shall be sent to the U.S. and U.K. Military Governors in Germany as follows:

1. It is the desire of the Governments of the United States and United Kingdom that the total collection and export of scrap from the Bizonal Area, after providing for the legitimate requirements of the German steel industry, be maximized.

### *Initial Authorizations Outside of Future Allocations*

2. The existing authorization (approved May 13, 1948) of 600,000 tons (namely 200,000 tons to the United States, 300,000 tons to the United Kingdom and 100,000 tons to other countries) is confirmed.

3. In addition there will be the following supplementary authorizations:

(a) 100,000 tons to the United States, to bring the United States share to parity with the above-mentioned United Kingdom share of 300,000 tons;

(b) 75,000 tons to the United Kingdom as a final shipment of booty scrap without payment;

(c) 75,000 tons to the United States, to correspond to (b) above, but not free of payment.

4. The above total authorizations of 375,000 tons to the United States, 375,000 tons to the United Kingdom and 100,000 tons to other countries shall not be charged to future allocations, and the two Military Governors shall implement these authorizations immediately.

### *Export Availabilities from Bizonal Area*

5. The U.S. and U.K. Military Governors shall inform the ad hoc Committee, promptly after its establishment and from time to time thereafter, of the anticipated volume of scrap exports from the Bizonal Area. It is hoped that this figure for the year ending October 1, 1949, will be 1,000,000 tons or more, over and above the 850,000 tons authorized above outside of future allocations.

### *Interim Authorizations Chargeable against Future Allocations*

6. As an advance against contemplated early allocations within the framework of the regular allocating procedure, there shall also be authorized a further 125,000 tons to the United States, 125,000 tons to the United Kingdom and 125,000 tons to other countries, such quantities to be charged against future allocations. The two Military Governors shall also implement these authorizations immediately.

7. In the event that no recommendation is made by the ad hoc Committee before October 31, 1948, further interim authorizations shall be made on that date and on the last day of each month thereafter in the ratio of 2-2-1 for the United States, United Kingdom and other countries respectively, until such time as the regular allocation procedure is in operation.

*Implementation of Allocations*

8. In implementing this Agreement, the U.S. and U.K. Military Governors shall determine among other matters:

(a) whether to implement allocations by control over contracts or control over exports or both;

(b) whether, if control over exports is adopted, the Joint Export-Import Agency may approve contracts within agreed limitations in excess of the total outstanding allocations of any country;

(c) whether, in appropriate cases, contracts shall provide for delivery of scrap within specified short periods in order to prevent undue tying up of allocations in individual long-term contracts;

(d) whether and in what manner to instruct JEIA to take precautions to satisfy itself as to the competence of contracting parties to implement the terms of the contract.

*Effective Date of Foregoing Authorizations*

9. All scrap exported subsequent to the date of this Agreement shall be charged against the foregoing authorizations.

*Booty Scrap*

10. There shall be no further exports of booty scrap after the date of this Agreement except for the 75,000 tons authorized under paragraph II 3(b) above.

*Price*

11. The price of scrap with appropriate differentials for loading points, quality of scrap, etc., shall be uniform for all foreign buyers, and shall be set from time to time by the U.S. and U.K. Military Governors under such procedures as they may establish.<sup>2</sup>

*Special Measures*

12. If the U.S. and U.K. Military Governors consider that adequate quantities of exportable scrap cannot be obtained without special measures, they are authorized to approve the recovery of scrap by such measures. Scrap recovery under such arrangements, if approved, may be outside regular allocations but subject to such special allocations as the U.S. and U.K. Military Governors may determine after consultation with the ad hoc Committee.

<sup>2</sup> For a modification of para. 11, see agreement of July 1, 1949 (TIAS 1956), *post*, p. 941.

*Direct Recovery of Scrap*

13. Nothing in this Agreement shall preclude operations by non-German organizations for the recovery of scrap from disarmament and other sources not readily accessible to German scrap merchants provided such operations are carried on in a manner acceptable to the U.S. and U.K. Military Governors and that all recoveries of scrap (other than the 75,000 tons of booty scrap mentioned above) are paid for at prices established by the U.S. and U.K. Military Governors and are within either the regular or the special allocations determined by the U.S. and U.K. Military Governors.

*U.S.-U.K. Scrap Control Authority*

14. The U.S. and U.K. Military Governors shall set up a U.S.-U.K. scrap control authority in which each shall appoint a coordinator to supervise and control the collection and export of ferrous scrap. This control authority shall be subject, through whatever organization the Military Governors may determine, to the jurisdiction of the Bipartite Board.

III. Reservation of Fusion Agreement

Nothing in this Agreement shall be deemed to modify the arrangements set forth in the Fusion Agreement of December 2, 1946<sup>3</sup> as amended by the Agreement of December 17, 1947.<sup>4</sup> Questions which may arise with respect to scrap exports under the present Agreement will be resolved as contemplated in paragraph 5 of the Agreement of December 17, 1947, having regard also to the provisions of paragraph 3(a) of the latter Agreement.

Upon receipt of a note from you indicating your Government's approval of the terms of the above Memorandum, my Government will consider that this note and your reply constitute an Agreement between the two Governments effective from the date of your reply.

I avail myself of this opportunity to renew to you the assurance of my highest consideration.

OLIVER FRANKS

The Honourable

ROBERT A. LOVETT,

*Acting Secretary of State,*

*United States Department of State,*

*Washington, D.C.*

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<sup>3</sup> TIAS 1575, *ante*, p. 800.

<sup>4</sup> TIAS 1689, *ante*, p. 833.

*The Acting Secretary of State to the British Ambassador*

DEPARTMENT OF STATE

WASHINGTON

*September 30, 1948*

EXCELLENCY:

I have the honor to acknowledge the receipt of your note No. 518 of September 30, 1948 proposing that an Agreement be entered into between the Government of the United States of America and His Majesty's Government in the United Kingdom on the subject of ferrous scrap exports. The terms of the proposed Agreement are set forth in the following Memorandum:

[For text of memorandum, see British note, above.]

This proposal and the foregoing Memorandum are acceptable to the Government of the United States of America. As proposed in Your Excellency's note, therefore, your note and the present reply are regarded as constituting an Agreement between the two Governments, effective on the date of this note.

Accept, Excellency, the renewed assurances of my highest consideration.

ROBERT A. LOVETT  
*Acting Secretary of State*

His Excellency

The Right Honorable

Sir OLIVER SHEWELL FRANKS, K.C.B., C.B.E.,  
*British Ambassador.*